

PUBLIC SERVICE COMMISSION OF WISCONSIN

Universal Service Fund Council

SUMMARY OF FEBRUARY 28, 2006 MEETING

Meeting Date: February 28, 2006

Place: Public Service Commission Building, Pecatonica River Conf. Rm. - Madison, WI

Universal Service Fund Council (USFC) members present: **Dick Schlimm** – WICAP (Council Chair), **Jill Collins-AT&T** (Council Vice-Chair), **Tom Frazier** – WI. Aging Groups, **Paul Fuglie** – Verizon, **Gary Radloff** – DATCP, **Pamela Sherwood** – Time Warner Telecom, **Helen Gee** – Community Advocates, **Gwen Jackson** – Red Cross, **Jeff Beck** – Americable.

USFC members absent: **Jean Pauk** – TDS Telecom, **Fred Weier** – Tri-County, **Bob Kellerman** – AgeAdvantAge, **Pam Holmes** – Ultratec.

PSC personnel participating: Anita Sprenger, Jeff Richter, Kathy Bakke, Joyce Dingman, Denise Braun, Jane Zemlicka

Other persons present: Stephanie Harrison – WPHCA, Maureen Ryan – Wisconsin Independent Living Centers, Jack Cassell – DOA, John Nousaine – North Country Independent Living, Alice Sykora – ODHHS/DHFS.

Introductions

Dick Schlimm opened the meeting at 1:35 p.m. A quorum was present (9 of 13).

The December 8, 2005 meeting minutes were approved.

Chair Schlimm asked if there were any comments or presentations from public members.

Stephanie Harrison spoke to the Council to advocate on behalf of the telemedicine grant program.

Maureen Ryan and John Nousaine spoke on behalf of the Wisconsin Independent Living Centers and extended their thanks to the Council for the \$101,000 in grants they received. Maureen and John shared stories of how the assistive telecommunications equipment and outreach has helped persons with disabilities. Grant funds were used to help 150 people acquire equipment, paid for 25 copays for TEPP and paid for 40 phone workshops.

Selection of the USF Council Chair and Vice Chair for 2006

Gwen Jackson motioned to re-elect current Chair Dick Schlimm and current Vice Chair Jill Collins. This motion was unanimously approved.

Brief USF program update for the current fiscal year 2006

Anita Sprenger reported on the FY05 and FY06 budget and expenditures. FY07 budget is due in May. Hand-outs showed budget and expenditures by program.

Projections for FY06 were discussed. TEPP down significantly; very little outreach was done. There could be vouchers out there that will not be used. Lifeline and Link-up are up quite a bit due to the deferred payments from FY05 and emphasis on compliance at the Federal level. There has been more activity within this program than expected. High Rate Assistance Credit program is slightly

Discussion of long term budget needs for the USF

1. Meeting with the Commissioners: Dick Schlimm, Jill Collins and Anita Sprenger had two meetings with the Commissioners on January 24 to discuss USF programs and budget.. The first was with Dan Ebert, his assistant Dan Schoof and legal counsel John Lorence and the second was with Mark Meyer and his assistant Cathy Boies. Both Commissioners expressed their support towards universal service and have invited Dick, Jill and Anita back this summer to present a formal budget request and statement of need to the Commission. The biennial budget request for FY2008 - 2009 would include a request to lift the current \$6.0 million cap on the PSC USF. The Council discussed the type of package that should be presented to the Commission – formal biennial budget request, needs of the program, beneficiaries of these programs. Consumer reps should be included to share the stories of those that are helped by these programs. Council members will discuss ideas and recommendations on an ad hoc basis over the coming months.

2. Strategies for budget change: Council shared ideas on strategies for changes to the biennial budget. Is there another model we can look at, possibly the federal USF program? What does the Council need to prepare to go back to the Commission with budget request in May? Should the PSC consider wireless companies to pay in and access funds? Staff noted that this change would take place if the proposed PSC 160 rules are approved. What are other states doing? Some states have Lifeline and Link-up funded by other means. The Council decided it is a good time to reassess the focus and the needs of the USF programs. Tom Frazier reminded Council members that one of the objectives of universal service was to insure that low income residents have access to telecommunications and that we should not allow the USF to become a target because it helps meet the needs of poor people.

The Council asked Joyce Dingman to request that either the PSC make a decision on the modem speed issue for the draft rules or pull that issue from the rules so that the process for revising rules can move forward.

3. Time Warner Telecom's Proposed Resolution re: USF issues: Pamela Sherwood discussed her hand-out on proposed action items from the 12/08/05 meeting.

- Lack of parity among providers who are assessed USF. Who pays into the fund and who should be included.
- Contribution Methodology
- Surcharges

She stressed the need for flexibility on technology and how providers are assessed. The jurisdictional issues related to VOIP were recognized.

Dick Schlimm asked Council members to review the resolutions before the next USF meeting. Pam Sherwood asked the Council to look at state USF dollars and see what the state is doing with the other \$24 million it collects for TEACH, DPI and UW. Is the need still there for appropriations on the same level as in the past? Dick Schlimm stated that in addition to the resolutions presented by Pam Sherwood, the work product that goes to the Commission should have detailed spending trends and needs assessments, policy review of the programs and must uphold the principals of Universal Service.

Other business, next USF Council meeting and adjournment

An announcement was made that this was Tom Frazier's last Council meeting. Tom was thanked for all his years of service to the Council. Thank you Tom!

Next meeting is scheduled for Tuesday, May 23 at 12:30 pm. **(Post meeting Note:** This date will likely be changed because of scheduling conflict)

The meeting adjourned at 3:40 p.m.

T:\TEAMS\UNISERV\MINUTES\2006 MINUTES\meeting of 02-28-06.doc

Public Service Commission - Universal Service Fund

FY2005 and 2006 Budget and Expenditures

USF PROGRAM	FY05 Budget \$	FY05 Expenses paid in FY05	Deferred \$ from FY05 to FY06	FY06 Approved Budget \$	DRAFT FY06 Expenditures Through 1/31/06¹	Projected Expenditures for FY06
Telecommunications Equipment Purchase Program	2,350,000	2,406,255	714,075 ²	1,900,000 ³	825,622	1,600,000
Rate Shock Mitigation	0	0	0	0	0	0
High Rate Ceiling Credit	300,000	318,365	0	290,000 ⁴	69,427	150,000
Lifeline	1,160,000	1,337,438	553,773 ⁵	1,700,000	1,525,662	2,400,000
Link-up	650,000	807,507	186,297 ⁶	1,000,000	756,408	1,250,000
Outreach for Low-Income Programs	0		0	0	0	0
Newsline for the Blind	67,500	67,500	0	0	0	0
Non-Profit Groups – Access Grant Program	500,000	500,000	0	307,000	0	?
Telemed Equipment Grant Program	500,000	0	0	307,000		500,000
Public Interest Payphones	210,000	210,000 ⁷	0	212,000	70,692	130,000
Two Line Voice Carryover	2,500	1,550	0	2,000	1,573	2,500
Provider of Last Resort	0	0	0	0	0	0
Voicemail for Homeless	0	0	0	0	0	0
Eligible Telecomm. Carrier	0	0	0	0	0	0
Advanced Services	0	0	0	0	0	0
Administration	260,000	244,671	0	282,000	197,851	290,000
Total for the FY	6,000,000	5,893,286⁸	740,070/ 1,239,923⁹	6,000,000	3,447,235	6,192,500

T:\TEAMS\UNISERV\budget\fy06 and final fy05 budget and expenditures- 2-28-06.doc

¹ Payphone and 2-line carryover expenses are through 12/31/05

² Includes outstanding issued vouchers less than 150 days old through June 30, 2005 and all approved but unissued vouchers. Generally, 50 to 70 percent of this liability will actually be realized the following fiscal year (2006).

³ Extrapolated by multiplying the average monthly program expenditure from Jan. – April 2005 times 12 to obtain an annual expenditure that reflect recent monthly expenditures.

⁴ Does not assume any significant rate changes in rural high cost areas of the state due to the FCC's Intercarrier Compensation Reform Plan or due to carrier rate changes.

⁵ From Final deferral report

⁶ From Final deferral report

⁷ \$136,444 was spent for this program for FY05. Anticipated outstanding expenses remain for the remaining encumbered amount.

⁸ An additional \$112,595 was paid in the "13th month WISMAART payment but was not reflected in the Wipfli final program expenditures as of June 30, 2005. (\$18,300 Administration, \$34,207 LinkUp, \$60,069 Lifeline and \$18 2LVCO)

⁹ The first amount is payments being held for Lifeline and LinkUp; the second amount also includes 70% of the outstanding TEPP voucher amounts which is a reasonable estimate of actual expenses for the outstanding TEPP vouchers.